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RUEHNNSC/NSC WASHDC PRIORITY
RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY
RUEHLMC/MCC WASHINGTON DC PRIORITY
RUEHDS/USMISSION USAU ADDIS ABABA PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RUEAWJA/DEPT OF JUSTICE WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 04 DAR ES SALAAM 000098

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TAGS: EAID ECON KDEM PHUM PREL TZ

SUBJECT: PRESIDENT KIKWETE NAMES HON. MIZENGO PETER PINDA
AS NEW PRIME MINISTER FOLLOWING RESIGNATION OF PM LOWASSA

REF: A. 07 DAR ES SALAAM 085
 1B. 07 DAR ES SALAAM 01037
 1C. 06 DAR ES SALAAM 01776

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Classified By: Ambassador Mark Green for reasons 1.4 (b,d)

SUMMARY

11. (SBU) On February 8 President Jakaya Kikwete named Hon. Mizengo Peter Pinda, a Minister of State in the Prime Minister's Office and member of Kikwete's former cabinet, as the new Prime Minister of Tanzania. Pinda's nomination was approved by the Parliament a few hours later, with the full support of both the ruling and opposition parties. Amid controversy surrounding a Parliamentary Committee report about an energy contract given to the U.S.-based Richmond Company, the former Prime Minister Edward Lowassa sent his resignation letter to President Kikwete on February 7. Later the same day, the incumbent Minister of Energy and Minerals, Nazir Karamagi, and Ibrahim Msahaba, who was Minister of Energy when the Richmond contract was signed, also resigned. In the late evening of February 7, President Kikwete accepted Lowassa's resignation and dissolved the Cabinet. By custom, once the President names a prime minister (PM) he consults with the PM concerning the other cabinet positions. On Monday, February 11, Kikwete has promised to announce a new cabinet that we expect will be more streamlined than his former 23 ministries.

12. (SBU) Hon. Pinda has served as Kikwete's Minister of State for Regional Administration and Local Government in the Prime Minister's office since January 2006. Previously he was a Deputy Minister in the same ministry. He has a reputation

for being an honest, somewhat reserved, yet straight-forward official. Hon. Pinda was the representative of the Government of Tanzania (GOT) and guest speaker at the Peace Corps Tanzania's 45th Anniversary celebration in 2006. (See Para 14, bio information). End summary

PM Lowassa out: Public, press and Parliament wanted truth about Richmond

¶3. (U) In November 2007, the Parliament's Speaker Samuel Sitta ordered a special multi-party Committee to be formed to investigate the "Richmond scandal," as it is popularly known in Tanzania. The Committee's report was read to Parliament on February 6 and broadcast live on national television; the report implicated PM Lowassa by name as putting pressure on the Tanzanian Electric Supply Company (TANESCO) to circumvent the required public procurement process and sign a contract with the Houston-based Richmond Company for temporary energy relief during Tanzania's 2006 energy crisis. Richmond had promised to deliver 100 megawatts of power within two months; not one watt of energy was ever produced. The contract was transferred to a second company, Dowans Company of Dubai, six months later.

¶4. (U) Throughout the Richmond ordeal from June to November 2006, the public was outraged because severe power shortages continued unabated in Dar es Salaam while Richmond fumbled all attempts to put its diesel-run generator system on line. Rumors swirled that Lowassa's son, Frederick, was a co-owner of Richmond Company. Investigative reporters latched onto the "Richmond story" and did not want to let go. Since Richmond is a U.S.-based company, the Embassy received many inquiries, but could only say that Richmond was registered in Houston Texas as a "printing shop and business services center."

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PCCB closed its Richmond Company probe

¶5. (C) In January 2007, Edward Hosea, head of the Prevention and Combating of Corruption Bureau (PCCB), told the DCM that the Richmond Company procurement process was under PCCB investigation. However, in May 2007 the PCCB abruptly closed the case stating the "no wrong-doing had been found." Hosea told the Mission's program coordinator of the Millennium Challenge Account (MCA) Threshold program that since PCCB had been unable to prove any money had changed hands in the Richmond deal, the Bureau decided to drop the investigation. Tanzania's new and tougher Anti-Corruption Act 2007 went into effect on July 1, 2007, which allowed for investigations into public procurement irregularities, but the case was not reopened.

Millennium Challenge Account-funded PPRA more courageous

¶6. (SBU) The Public Procurement Regulatory Authority (PPRA) (www.ppra.go.tz) conducted a procurement audit of the TANESCO power company in 2007 that was fully funded by the MCA Threshold program, through an implementing partner, Kilimanjaro International. The PPRA audit concluded that the tendering process for the emergency energy relief the Government of Tanzania sought during Tanzania's severe 2005-06 energy crisis, had been "influenced by higher authorities." The PPRA report provided well-documented details showing serious departures from the Public Procurement Act in the selection of Richmond Company as the contractor.

¶7. (SBU) Post's MCA Threshold team urged PPRA to make the full report public; while reluctant at first, the head of PPRA, Dr. Ramadan Mlinga, finally agreed to release the full report to Tanzania's Development Partners Group of which USAID is a member. The report eventually caught the attention of Members of Parliament (MPs) from both the ruling CCM and the opposition parties; when the decision was made to

form a special Committee to investigate the "Richmond scandal," the Committee used the PPRA report as the starting point for its investigation. Several of the Kilimanjaro International auditors were called to testify before the Parliamentary Committee and provide key evidence. As a result of PPRA's decision to share the full TANESCO audit report and other such courageous actions, it has earned the moniker of "procurement watchdog" in the Tanzanian press.

¶8. (U) The special Committee took three months to complete its investigation and then announced it would present the conclusions to a full session of Parliament the week of February 11-15. However, on February 2, when the Minister of Energy and Minerals, Nazir Karamagi, organized a seminar at the Parliament complex in Dodoma to discuss the Electricity and Petroleum Bill 2008 that was before the Parliament, angry ruling party Chama Cha Mapinduzi (CCM) MPs came to the seminar room, but boisterously and unanimously refused to listen Karamagi. They told the Minister they wanted only to discuss the Richmond report. On February 5, Speaker of Parliament Sitta abruptly canceled his plans to attend the National Prayer Breakfast in Washington DC and announced that the report would be presented the next day.

Richmond Parliamentary Probe Committee: Key findings

¶9. (U) The Richmond Parliamentary Probe Committee was chaired by the relatively young MP, Hon. Harrison Mwakyembe, from Kykela district, who has the reputation for being serious

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about fighting corruption. Other committee members included Hon. Stella Manyanya (CCM); Hon. Lucas Selelii (CCM); Hon. Herbert Mntangi (CCM); and Hon. Mohamed Mnyaa (Civic United Front). The key findings of the Committee were:

- Prime Minister Lowassa acted inappropriately to secure the Richmond Company contract and should be held accountable;
- all senior GOT officials implicated in the Richmond Company deal should resign;
- the Attorney General should be held accountable for failing to advise the Government during the Richmond contract process;
- the Government should review the Public Procurement Act of 2004;
- the Government should remove top PCCB officials for appearing to "whitewash" its own Richmond probe;
- the Government should review all existing energy contracts.

PM's Resignation not a surprise to Kikwete

¶10. (C) A personal assistant to President Kikwete told Ambassador Green on February 8 that Kikwete, who had been briefed in advance on the committee's findings in the Richmond report, anticipated that Lowassa might resign once the report was public. However, Kikwete was unprepared, yet surprised, by the emotional outpouring from many prominent ruling party CCM MPs who condemned, in no uncertain terms, Lowassa and the two ministers also implicated in the report. During the February 7 evening session of the Parliament that was on national television (Note: In Tanzania, every session of parliament is broadcast live to the public. End note.) Speaker Sitta gave the floor to MP after MP from the ruling party who spoke forcefully that they were tired of being "muzzled"--a reference to the iron hand that PM Lowassa had used to keep the CCM MPs within the party line; tired of being a "rubber stamp" legislature; and tired of the corruption "that is tainting our party and our country." When Minister of Energy Karamagi, was given the floor, he was booed back to his seat.

Comment

¶11. (C) While the immediate reason for PM Lowassa tendering

his resignation was his implication in the illegal procurement of the energy contract with Richmond, Lowassa's corrupt activities have been an open secret throughout Tanzania for many years. In addition, rumors of a cabinet shake-up had been rampant since the conclusion of the CCM's Party Congress on November 5, 2007. As a result of CCM elections for the party's National Executive Committee, several of President Kikwete's close circle took on new roles in the party. Other CCM stalwarts were moved to "lower" positions, indicating that Kikwete was maneuvering to distance himself from ministers and others with reputations for lining their pockets.

¶12. (C) In January 2007, testing the waters of high-level political will to fight corruption, the DCM had asked Edward Hosea, head of the PCCB, if Kikwete was sincere about battling graft (Ref A). Hosea replied he believed the President Kikwete to be honest, but "the test will be whether he is ready to go after the big fish." Ironically, the Parliamentary Committee report has also condemned Hosea for allowing PCCB to whitewash its own Richmond investigation. It remains to be seen if in Kikwete's upcoming Cabinet announcements, Hosea, whose PCCB is directly under the

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President's Office, retains his position or not. In any case, President Kikwete is facing a critical crossroads in selecting his cabinet. He appears to have chosen a well-respected Parliamentarian as his new Prime Minister. Through his selection of his other ministers and deputies, Kikwete will craft the message he wants to send on corruption, not only to his government and the 82 percent of the electorate who put him into office in December 2005, but to all of Africa.

¶13. (C) Kikwete's January 31 election as Chair of the African Union (AU) has thrust him into a central role with expectations that he will assist in resolving crises from Kenya to Chad to Zimbabwe. In anticipation that he may spend a lot of time "on the road" this next year trouble shooting for the AU, we presume Kikwete's goal would be put in place not only a reliable and honest PM, but to surround himself with capable ministers who could keep the Government on course when he is away.

Biographic Information: Mizengo Peter Pinda

¶14. (U) Honorable Mizengo Pinda served for two years in President Kikwete's cabinet as the Minister of State in the Prime Minister's Office for Regional Administration and Local Government. Previously he was a Deputy Minister in the same office under former President Mkapa. Hon. Pinda began his government career as a state attorney in the Ministry of Justice in 1974. He served as a security officer in the State House and from 1982 to 1992 he was the assistant private secretary of President Julius Nyerere. In 2000, Mizengo Pinda was elected to Parliament as the CCM party's candidate in the Mpanda East constituency. President Mkapa subsequently appointed him to serve as his Deputy Minister for Regional Administration and Local Government. Prime Minister Pinda was born in the town of Sumbawanga, Rukwa region in Western Tanzania on August 12, 1948. He holds a Bachelor of Law degree from the University of Dar es Salaam.

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